

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7996
BILL NUMBER: HB 2006

DATE PREPARED: Jan 9, 2001
BILL AMENDED:

SUBJECT: School finance.

FISCAL ANALYST: Chuck Mayfield
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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

| STATE IMPACT | FY 2001 | FY 2002 | FY 2003 |
|--------------------------------|----------------|--------------------|--------------------|
| State Revenues | | | |
| State Expenditures | | 3,509,000 | 7,009,000 |
| Net Increase (Decrease) | | (3,509,000) | (7,009,000) |

| LOCAL IMPACT | CY 2001 | CY 2002 | CY 2003 |
|--------------------------------|----------------|------------------|------------------|
| Local Revenues | | 7,000,000 | 7,000,000 |
| Local Expenditures | | | |
| Net Increase (Decrease) | | 7,000,000 | 7,000,000 |

Summary of Legislation: (A) This bill establishes a legislative study committee to study issues related to: (1) the funding provided for special education students and preschool special education students; (2) the at-risk index; (3) the use of a training and experience index in the determination of the amount of state funding; (4) the weighting of grants provided for students with limited English proficiency; (5) the possibility of including funding for technology and equipment in the foundation amounts of state funding; and (6) issues related to taxpayer equity and student equity under Indiana's school finance system and alternative school finance systems.

(B) The bill also increases the amounts of a school corporation's special education grant and special education preschool grant by the percentage by which the percentage of special education children who are pupils in the school corporation exceeds the statewide average percentage of special education children who

are pupils in school corporations in Indiana.

Effective Date: July 1, 2001; January 1, 2002.

Explanation of State Expenditures: (A) This bill establishes a two-year school finance study committee. By Legislative Council Resolution, interim committees are allocated \$9,000 to cover per diem and expenses of the committee. This will impact expenditures for FY 2001-02 and FY 2002-03.

(B) Special education students make up about 16.81% of the student population and special education preschool children make up about 1% of the student population. The bill would have provided additional regular special education funding to 145 school corporations in CY 2000 and additional special education preschool funding to 122 schools. The bill increases the distribution for regular special education and preschool special education by the difference between the school's percentage of special education students served and the state average, 16.81%. A school that had 20.81% of their students served by special education programs would receive a 4% (20.81%-16.81%) increase. The percentage of special education students served ranges between 8.8% and 26.3% of the school's enrollment. The percentage of preschool special education students served ranges between 0% and 2.9% of the school's enrollment. The impact for the special education adjustment is about \$6.9 M annually and the impact of the preschool special education adjustment is about \$100,000 annually.

The fiscal note will be updated when CY 2001 special education data is available.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See Explanation of State Expenditures.

State Agencies Affected: Department of Education, Legislative Services Agency

Local Agencies Affected:

Information Sources: Department of Education databases.